

**STATE OF CALIFORNIA
DEPARTMENT OF INSURANCE**
45 Fremont Street, 21st Floor
San Francisco, California 94105

File No. RH05049799

November 27, 2006

**NOTICE OF AVAILABILITY OF CHANGED TEXT, NOTICE OF ADDITIONAL
DOCUMENTS RELIED UPON AND OPPORTUNITY FOR COMMENT**

On July 3, 2006, California Insurance Commissioner John Garamendi issued a Notice of Proposed Action and Notice of Public Hearing, proposing to add Title 10, Chapter 5, Subchapter 3, Article 7.1 to the California Code of Regulations. The draft regulations were proposed for the purpose of implementing Division 2, Part 6, Chapter 1 of the California Insurance Code, entitled "Title Insurance." The Department held a public hearing on August 30, 2006, and received written public comments regarding the proposed regulations.

The purpose of this Notice is to notify interested members of the public about new proposed changes to the regulation text. This notice will also serve to identify for the public those additional documents that the Commissioner intends to rely upon, in conjunction with those already identified in the Initial Statement of Reasons (ISOR), in proposing this rulemaking action.

PUBLIC COMMENT INVITED:

The Commissioner has proposed changes to the text of the regulations in response to public comments, and now solicits written comments on those changes only, which are attached. Comments submitted on unchanged portions of the proposed regulations will not be considered.

The Commissioner believes the changes made are either nonsubstantial or solely grammatical in nature, or are sufficiently related to the original text that the public was adequately placed on notice that the change could result from the originally proposed regulatory action. Accordingly, pursuant to the provisions of California Government Code Section 11346.8(c), the Commissioner is soliciting written public comment on the changes. A copy of the changes, with the proposed changes clearly indicated, is available for public comment for at least 15 days.

DOCUMENTS RELIED UPON:

During this rulemaking action, the Department published an ISOR on July 3, 2006. The ISOR listed, among other things, the following documents as documents relied upon in proposing this rulemaking action:

- Birny Birnbaum, "Report to the Insurance Commissioner: An Analysis of California Title Insurance and Escrow Industry" (December 2005).
- Staff Report, "Calculation of Interim Maximum Rates" (July 3, 2006).

The Department hereby provides notice that, in addition to those documents listed above, it also intends to rely upon the following documents, which contain relevant information and/or "technical theoretical or empirical stud[ies], report[s], or similar document[s]" (Gov. Code section 11347.1.):

- Swiss Re Sigma No. 3/2005, "Insurers' Cost of Capital and Economic Value Creation: Principles and Practical Implications," (May 2005).

- Staff Report, “2005 Title Insurance 5-Years Profitability Report,” (June 2006).
- Staff Report, “Calculation of Profit Factor” (November 27, 2006).
- Staff Report, “Calculation of Sales Cost Factor” (November 27, 2006).
- Staff Report, “Interim Rate Reduction” (November 2006).
- Washington State Office of the Insurance Commissioner, “An Investigation into the Use of Incentives and Inducements by Title Insurance Companies” (October 2006).

Each of the documents listed above is part of the file for this rulemaking action. Any member of the public may view these documents by contacting one of the contact persons listed below and arranging for an appointment to view the rulemaking file.

CONTACT PERSONS:

All written comments submitted in response to this Notice and all general or substantive questions regarding this Notice should be directed to either of the contact persons as follows:

Bryant Henley, Staff Counsel; (415 538-4111); Henleyb@insurance.ca.gov
 Kim Morimoto, Staff Counsel; (415 538-4143); Morimotok@insurance.ca.gov
 California Department of Insurance
 Rate Enforcement Bureau
 45 Fremont Street, 21st Floor
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SUBMISSION OF WRITTEN COMMENTS:

All written comments on the changes must be received by the Insurance Commissioner, at the address listed above, by no later than **5:00 p.m. on Tuesday, December 12, 2006**. Comments submitted by e-mail and facsimile on or before the deadline will be accepted and considered. Those submitting comments by e-mail should provide them in either Microsoft Word format or as a Portable Document Format (PDF) file.

AUTOMATIC MAILING:

A copy of this notice, and the text of the new proposed changes, will automatically be sent to all those who testified at the public hearing, those who submitted written comments at the public hearing, all persons whose comments were received during the public comment period, all persons who requested copies of information regarding the regulations, and all persons who requested notification of the availability of such changes.

JOHN GARAMENDI
 Insurance Commissioner

By _____/S/_____
 Bryant Henley
 Staff Counsel